PHC 6102
Principles of Health Policy and Management

History of US Health Care System: Medicine, Law & Policy Perspective

Objectives

• Identify major breakthroughs and issues in medicine and health in American History.

• Identify major laws and policymaking in American history.

Medicine and Health in the 1900s

• In 1901, AMA reorganizes and becomes a powerful national force
• Railroads are the leading industry to develop extensive employee medical programs
• Nursing had developed as a profession
• However, America lags behind Europe in insuring against the costs of sickness

Important Laws & Policymaking: 1900s

• 1902: Biologics Control Act (1902) – First federal law regulating interstate and foreign sale of viruses, serums, toxins and analogous products
• 1906: Pure Food and Drug Act (Wiley Act) – Defined adulterated and mislabeled foods and drugs and prohibited their transport in interstate commerce

Medicine and Health in the 1910s

• Emphasis on medical examinations in 1910s revealed most Americans had some kind of health problem
• Hospitals are now modern scientific institutions
• American Association for Labor Legislation organizes 1st national conference on "social insurance"
• Progressive reformers argue for health insurance
• Opposition from physicians, interest groups, and US entry into the war in 1917 undermine reform effort

Important Laws & Policymaking: 1910s

• 1910: Flexner report on medical education, presented AMA Council on Medical Education and Hospitals
• 1911: Wisconsin enacts the nation's first workmen's compensation insurance law
• 1912: The US Public Health Service is created
• 1918: Congress adopts the Chamberlain-Kahn Act for the study and control of venereal disease
## Medicine and Health in the 1920s
- No strong effort to change health insurance
- Reformers now emphasize cost of medical care instead of wages lost to sickness
- Growing cultural influence of the medical profession
- Recognition rural health facilities are inadequate
- General Motors signs a contract with Metropolitan Life to insure 180,000 workers
- Penicillin is discovered

## Important Law & Policymaking: 1920s
- **1920**: The Snyder Act, first federal legislation pertaining healthcare for native Americans
- **1921**: The Maternity and Infancy Act (i.e., Sheppard-Towner Act) provided grants to states to help them develop the health services for mothers and their children

## Medicine and Health in the 1930s
- Depression changes priorities, with greater emphasis on unemployment insurance and "old age" benefits
- Push for health insurance within Roosevelt Administration
- Blue Cross begins offering private coverage for hospital care in dozens of states
  - Development of group health insurance & tax exemption status of health insurance premiums

## Important Law & Policymaking: 1930s
- **1935**: Social Security Act passed, omitting health insurance
- **1936**: Walsh-Health Act, authorized federal regulation of industrial safety
- **1937**: The National Cancer Institute Act, established first categorical institutes within the National Institute of Health
- **1938**: LaFollette-Bulwinkle Act, provided grants in aid to the states to support investigation and control of STIs
- **1939**: The Reorganization Act, transferred the Public Health Service from the Treasury to the new Federal Security Agency

## Medicine and Health in the 1940s
- Penicillin comes into use
- Prepaid group healthcare begins
- Companies begin to offer health benefits, giving rise to the employer-based system in place today
- President Roosevelt asks Congress for "economic bill of rights"
- President Truman offers national health program plan, proposing a single system to include all of American society
- Beginning of era in relationship of federal government to medical research and development

## Important Law & Policymaking: 1940s
- **1941**: The Nursing Training Act
- **1944**: The Public Health Services Act
- **1946**: Hospital Survey and Construction Act (Hill-Burton Act)
- **1948**: The National Health Act, established 2nd categorical institute: the National Heart Institute
Medicine and Health in the 1950s

- National health care expenditures are 4.5% of GNP
- Attention turns to Korea and away from health reform
- Federal responsibility for the sick poor firmly established
- Many legislative proposals are made for hospital insurance
- Many medications are available to treat a range of diseases
- New vaccines that prevent childhood diseases
- First successful organ transplant performed

Important Law & Policymaking: 1950s

- 1954: The Medical Facilities Survey and Construction Act
- 1955: The Air Pollution Control Act
- 1956: The Dependents Medical Care Act, established CHAMPUS for dependents of military personnel
- 1958: Grants-in-Aid to Schools of Public Health
- 1959: The Indian Sanitation Facilities Act

Medicine and Health in the 1960s

- Outside the workplace, especially elderly, have difficulty affording insurance
  - Over 700 insurance companies selling health insurance
- Concern "doctor shortage" and need for more "health manpower"
- Major medical insurance endorses high-cost medicine
- "Compulsory Health Insurance" advocates no longer optimistic
- Development of Certificate of Need (CON) legislation
- The Bad with the Good: Drugs Cause Side Effects

Health Law & Policymaking: 1960s

- 1960: Kerr-Mill Act (Social Security Amendments)
- 1963: Health Professions Educational Assistance Act, construction grants for teaching facilities
- 1964: The Economic Opportunity Act (Anti-Poverty Program)
- 1965: Medicare and Medicaid established
- 1966: The Highway Safety Act

Medicine and Health in the 1970s

- President Nixon renames prepaid group health care plans as health maintenance organizations (HMOs)
- Healthcare costs are escalating rapidly (WHY?)
- President Nixon's plan for national health insurance rejected, but his "War on Cancer" centralizes research at the NIH
- The number of women entering the medical profession rises dramatically
- World Health Organization declares smallpox eradicated

Important Law & Policymaking: 1970s

- 1970: Occupational Safety & Health Act
- 1970: Public Health Cigarette Smoking Act
- 1972: Certificate of Need passed into federal law
- 1973: The Health Maintenance Organization (HMO) Act
- 1973: Emergency Medical Services System Act
- 1974: Employee Retirement Income Security Act (ERISA)
- 1974: The Safe Drinking Water Act
- 1974: President Ford withdraws plan for national health insurance
Medicine and Health in the 1980s

- Corporations begin to integrate the hospital system
  - Shift toward privatization and corporatization of healthcare
- Medicare shifts to payment by diagnosis (DRG: diagnosis-related group) instead of by treatment
- Growing complaints by insurance companies fee-for-service payment to doctors is being exploited
- "Capitation" payments to doctors common

Important Law & Policymaking: 1980s

- 1980: Mental Health System Act
- 1986: The Federal Emergency Medical Treatment and Labor Act

Medicine and Health in the 1990s

- Health care costs rise at double the rate of inflation
- Managed care helps to moderate increases in health care costs
- Federal health care reform legislation fails again
- 16 % of Americans uninsured
- Human Genome Project gets underway
- By June 1990, 139,765 people in the United States have HIV/AIDS, with a 60 percent mortality rate

Important Law & Policymaking: 1990s

- 1990: American with Disabilities Act
- 1990: The Ryan White Comprehensive AIDS Resources Emergency Act (CARE)
- 1997: The Balance Budget Act (BBA)

Medicine and Health in the 2000s

- Changing demographics of the workplace lead many to believe employer-based system of insurance can't last
- Medicare is viewed by some as unsustainable under the present structure and must be "rescued"
- Human Genome Project completed in 2003, two years ahead of schedule
- Direct-to-consumer advertising for pharmaceuticals and medical devices on the rise
- National health reform on US agenda again

Important Law & Policymaking: 2000s

- 2000: Breast and Cervical Cancer Prevention and Treatment Act
- 2001: Emergency Supplemental Appropriations Act
- 2002: Homeland Security Act
- 2003: Medicare Prescription Drug, Improvement, and Modernization Act (created Medicare Part D)
- 2010: Patient Protection & Affordable Care Act
Questions

• What were some of the issues in medicine and health from:
  – 1900s to 1910s, 1920s to 1930s, 1940s to 1950s, 1960s to 1970s, 1980s to 1990s, 2000s to 2010s?

• What were some of the major policymaking from:
  – 1900s to 1910s, 1920s to 1930s, 1940s to 1950s, 1960s to 1970s, 1980s to 1990s, 2000s to 2010s?

References

• http://www.pbs.org/healthcarecrisis/history.htm